

## Message Text

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PAGE 01 TAIPEI 00417 180911Z

13

ACTION EA-14

INFO OCT-01 ISO-00 EB-11 COME-00 TRSE-00 INT-08 SCI-06

FEA-02 PM-07 NSC-10 SPC-03 SS-20 RSC-01 CIAE-00

INR-10 NSAE-00 DODE-00 DRC-01 CIEP-02 /096 W

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R 180828Z JAN 74

FM AMEMBASSY TAIPEI

TO SECSTATE WASHDC 0706

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E.O. 11652:N/A

TAGS: ENRG, TW

SUBJECT: ENERGY: EXPANSION OF CPC REFINERY CAPACITY

1. ACCORDING TO JERRY HU, PRESIDENT OF THE GOVERNMENT-OWNED CHINESE PETROLEUM CORP., THE FIRM FACES A DILEMMA IN MAKING A DECISION TO GO AHEAD WITH PLANS FOR FURTHER EXPANSION OF REFINING CAPACITY. AS HU PUT IT, ITS A QUESTION OF BEING "DAMNED IF YOU DO OR DAMNED IF YOU DON'T".

2. EXISTING REFINERY CAPACITY IS AROUND 200,000 BARRELS PER DAY AND WILL BE INCREASED BY AN ADDITIONAL 70,000 BARRELS BY MID-YEAR. A SECOND REFINERY, NOW UNDER CONSTRUCTION IN THE NORTH, WILL ADD AN ADDITIONAL 100,000 BARRELS PER DAY TO CAPACITY. PLANS CALL FOR INCREASING REFINERY CAPACITY IN THE KAOHSIUNG AREA BY ANOTHER 200,000 BARELS PER DAY, MAINLY TO SUPPLY A MAJOR PETROCHEMICAL COMPLEX.

3. DUE TO UNCERTAINTIES REGARDING AN ADEQUOATE AND REGULAR SUPPLY OF CRUDE OIL, CPC'S DILEMMA IS THAT IT CAN BE FAULTED FOR UNDERTAKING AMAJOR CAPITAL EXPENDITURE FOR REFINING

CAPACITY WHICH MIGHT STAND IDLE FOR LACK OF CRUDE OIL OR IN NOT HAVING CAPACITY TO SUPPLY PROJECTED

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PAGE 02 TAIPEI 00417 180911Z

DOWNSTREAM PETROCHEMICAL PLANTS SHOULD CRUDE OIL BE

READILY AVAILABLE.

4. PENDING A FINAL DECISION, CPC'S CURRENT THINKING IS TO INCREASE CAPACITY AT KAOHSIUNG BY ANOTHER 100,000 BARRELS PER DAY WHICH WILL BE ADEQUATE TO SUPPLY (WITH SOME REVISIONS) PETROCHEMICAL PROJECTS WHICH WILL UTILIZE ETHYLENE FROM THE 3RD NAPHTHA CRACKER.

5. A DECISION IS EXPECTED IN EARLY FEBRUARY REGARDING THE CONSTRUCTION OF A 4TH NAPHTHA CRACKER. IF IT IS DECIDED TO GO AHEAD WITH THE CRACKER, AND ADDITIONAL 100,000 BARREL REFINING CAPACITY WILL HAVE TO BE ADDED TO PROVIDE FEEDSTOCK FOR THE 4TH CRACKER.  
MCCONAUGHY

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CONSTRUCTION, PETROLEUM PRODUCTION, PETROLEUM, SUPPLIES, EXPENDITURES, PETROLEUM REFINING  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 JAN 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974TAIPEI00417  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** n/a  
**From:** TAIPEI  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1974/newtext/t19740130/aaaabcjg.tel  
**Line Count:** 75  
**Locator:** TEXT ON-LINE  
**Office:** ACTION EA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 AUG 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12-Aug-2002 by kelleyw0>; APPROVED <04-Sep-2002 by MorefiRH>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ENERGY: EXPANSION OF CPC REFINERY CAPACITY  
**TAGS:** ENRG, TW, CPC, CHINA PETROLEUM CORPORATION  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005